

ORIGINAL

OPEN MEETING



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MEMORANDUM

RECEIVED

TO: THE COMMISSION

2013 SEP 20 P 3:16

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: September 20, 2013

RE: MOHAVE ELECTRIC COOPERATIVE, INC. - APPLICATION FOR APPROVAL OF ITS 2014 RENEWABLE ENERGY STANDARD PLAN AND TARIFF (DOCKET NO. E-01750A-13-0223)

Background

On June 28, 2013, Mohave Electric Cooperative, Inc. ("MEC") filed its application for approval of its 2014 Renewable Energy Standard and Tariff ("REST") Plan ("Plan").

MEC seeks no change from its approved 2013 REST Plan in this application except for an increase of funding for Community-Based projects

MEC also seeks no changes in its REST surcharge, shown below in Table 3.

MEC's Plan

The MEC REST Plan includes eight components. The following components are all unchanged except for Community-Based Projects:

- 1) Voluntary Renewable Energy Program
- 2) Member Self-Directed Renewable Energy Program
- 3) SunWatts Residential and Commercial Incentive Program
- 4) Clean Renewable Energy Bonds (CREBS-PV for Schools)
- 5) SunWatts Large-Scale Program (in conjunction with Arizona Electric Power Cooperative ("AEPCO"))
- 6) Analysis of Geothermal Resources Within and Outside of MEC's Service Territory
- 7) Distributed Generation Solar Installation Within MEC's Service Territory
- 8) Community-Based Projects (modified)

Community-Based Projects

MEC proposes to expand certain Community-Based Projects:

- Habitat for Humanity/Community Services Program
- PV for Fire Stations Program
- Bullhead City Senior Center

Arizona Corporation Commission
DOCKETED

SEP 20 2013

DOCKETED BY

EA

- Boys and Girls Club of the Colorado River
- Colorado River Union High School District

The Community-based Projects assist nonprofit organizations in securing renewable resources. The modification to the Community-Based photovoltaic ("PV") programs includes a budget increase of \$150,000 for a total budget of \$250,000 to be used at community facilities as described in MEC's application. The increase to this budget is made possible by an equal reduction to the budget for Residential and Commercial incentives. MEC's Community-based PV programs are focused on facilities serving government, schools, fire stations, and non-profit organizations. The program benefits a large number of MEC's members by reducing operating costs for government, schools, and community services.

SunWatts Residential and Commercial Incentive Program

MEC has proposed no changes to its incentive levels. Current incentives are shown on Table 1.

Table 1
Mohave Electric Cooperative
2014 R.E.S.T. Incentives

System	Incentive	Cap or Limits
Residential and Small Commercial PV or Wind <50 kW. Greater than 50 kW on case-by-case incentive.	\$0.35 / Watt	40% of System Cost up to \$25,000
Solar Water Heating if replacing traditional Electric. Rebate based on first year of operation only.	\$0.75/kWh saved	Customer contributes at least 15% of System Cost
Daylighting Rebate based on first year of operation only.	\$0.20/kWh saved	
Biomass/Biogas -- Electric	\$0.06/kWh over 10 years	
Biomass/Biogas -- CHP Electric	\$0.035/kWh over 10 years	
Biomass/Biogas -- CHP Thermal	\$0.018/kWh over 10 years	
Biomass/Biogas -- Thermal	\$0.015/kWh over 10 years	
Biomass/Biogas -- Cooling	\$0.032/kWh over 10 years	
Solar Cooling	\$0.129/kWh over 10 years	

Distributed Generation Solar Installation Within MEC's Service Territory

MEC continues to explore development of a renewable energy generation project of up to 5 MW within its service territory. MEC is considering a developer-based project, as well as an MEC renewable energy project within its own load area. MEC currently has three engineering agreements in place with renewable energy project developers.

Funds allocated for this project can be utilized on any qualified renewable project within MEC's Service Territory up to 5 MW, excluding any renewable project for which MEC has another specific program under this REST Plan.

Decision No. 71407 (December 8, 2009) ordered that such a project would count toward meeting the REST Renewable Energy Resources requirement but that no determination would be made at that time regarding it meeting the Distributed Renewable Energy Resources requirement. A final determination would be based on the project details when available.

Progress

MEC has 267 residential and small commercial PV arrays installed within its service territory. MEC also has 26 school and government PV installations, sized from 8 kW to 50 kW. MEC has 25 small wind generators installed within its service territory, all rated at 2 kW. There are five solar water-heating systems within its service area. These renewable resources deliver approximately 6,384 MWh annually while reducing MEC's load requirements approximately 2.9 MW.

Request for Flexibility to Shift funds between Programs.

MEC anticipates that the incentive program is adequately funded for both 2013 and 2014. No waiting list or backlog of incentive requests currently exists. All programs will be available until the budget funds for the program are exhausted; however, MEC also seeks Arizona Corporation Commission ("ACC") authorization to continue to be able to shift approved REST Plan funds between programs, in order to increase budgets for programs in the 2014 Plan where appropriate. MEC proposes that the conditions of shifting funds already included in MEC's 2013 Plan would be continued for 2014. These conditions include:

- a. No more than 15 percent of a program's approved budget may be affected by the shift.
- b. MEC would notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift.
- c. If Staff notifies MEC in writing that it opposed the shift of funds, no shift would occur unless Mohave first secures a Commission order authorizing the shift.
- d. Within 60 days following any funds shift, MEC would submit to Staff a revised budget recognizing the shift of funds.

Budget

MEC has proposed the budget shown below on Table 2. The proposal for 2014 of approximately \$1.6 million would allow Mohave to expand its communication of renewable options with its members, offer rebates to a larger number of members, increase spending limits on schools and other programs, and perform other activities as discussed herein.

Table 2
Mohave Electric Cooperative
2014 R.E.S.T. Plan Budget

<u>Program Budgets</u>	
Residential and Commercial Incentives	\$408,087
5 MW Distributed Generation-Solar	\$548,884
PV For Schools Loan Repayment	\$103,189
GO SOLAR Website	\$1,744
Solar Water Heating	\$18,000
Geothermal Resources-Willcox Greenhouse	\$29,544
Administration & Advertising	\$244,000
Community Programs: Habit for Humanity	\$25,000
Community Programs: Fire Department	\$50,000
Community Programs: Bullhead City Senior Center	\$50,000
Community Programs: Boys & Girls Club new gym	\$50,000
Community Programs: High School	\$75,000
Total Program Expenditures	\$1,603,448

Funding and Surcharge

Staff has reviewed MEC's Renewable Energy Standard Tariff surcharge rates proposed to fund its annual budget for 2014 which are unchanged from current rates. These rates are shown on Table 3. Expected revenue from customer classes is shown on Table 4.

Table 3
Mohave Electric Cooperative
Proposed RES Tariff Charges

Customer Class	<u>Current/Proposed</u>	
	Energy Charge	Monthly Cap
Residential	\$0.0095006	\$3.10
Governmental and Agricultural	\$0.0009420	\$15.00
Governmental and Agricultural \geq 3 MW	\$0.0009420	\$49.00
Irrigation	\$0.0053714	\$49.00
Small Commercial	\$0.0053714	\$49.00
Large Power	\$0.0053714	\$49.00
Non-Residential \geq 3 MW	\$0.0053714	\$147.00
Highway	\$0.0095006	\$3.10

For Residential, Small Commercial, and Large Power customers who receive incentives under the REST rules on or after January 1, 2013, the RES Surcharge is assessed at the monthly cap.

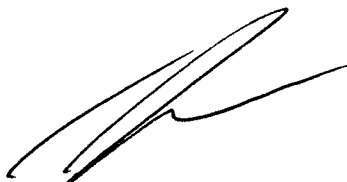
Table 4
Mohave Electric Cooperative
2014 REST Funding from Surcharge

	<u>Revenue</u>	Percent of Customers at Cap
Residential	\$1,150,007	76.5%
Governmental	\$12,198	10.89%
Irrigation	\$7,418	79.17%
Small Commercial	\$387,179	6.45%
Large Power	\$46,099	92.31%
Highway	\$546	1.53%
Total	\$1,603,447	

Staff Recommendations

Staff recommends that MEC's proposed 2014 Renewable Energy Standard and Tariff Plan be approved as discussed herein.

Staff recommends that MEC's Renewable Energy Standard Tariff rates and caps remain at current levels, as shown on Table 3 herein.

A handwritten signature in black ink, appearing to read 'Steve Olea', with a stylized, sweeping flourish extending from the end of the name.

Steve Olea
Director
Utilities Division

SMO:JP:sms\CHH

ORIGINATOR: Jeffrey Pasquinelli

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7
8 IN THE MATTER OF THE APPLICATION }
OF MOHAVE ELECTRIC COOPERATIVE, }
9 INC. FOR APPROVAL OF ITS 2014 }
RENEWABLE ENERGY STANDARD }
10 PLAN AND TARIFF. }
11
12

DOCKET NO. E-01750A-13-0223

DECISION NO. _____

ORDER

13 Open Meeting
October 16 and 17, 2013
14 Phoenix, Arizona

15 BY THE COMMISSION:

16 FINDINGS OF FACT

17 Background

18 1. Mohave Electric Cooperative, Inc. ("MEC") is engaged in providing electric service
19 within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission
20 ("Commission").

21 2. On June 28, 2013, MEC filed its application for approval of its 2014 Renewable
22 Energy Standard and Tariff ("REST") Plan ("Plan").

23 3. MEC seeks no change from its approved 2013 REST Plan in this application except
24 for an increase of funding for Community-Based projects.

25 4. MEC also seeks no changes in its REST surcharge, shown below on Table 3.

26 MEC's Plan

27 5. The MEC REST Plan includes eight components. The following components are
28 all unchanged except for Community-Based Projects:

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- Colorado River Union High School District

7. The Community-Based Projects assist nonprofit organizations in securing renewable resources. The modification to the Community-based photovoltaic ("PV") programs includes a budget increase of \$150,000 for a total budget of \$250,000 to be used at community facilities as described in MEC's application. The increase to this budget is made possible by an equal reduction to the budget for Residential and Commercial incentives. MEC's Community-Based PV programs are focused on facilities serving government, schools, fire stations, and nonprofit organizations. The program benefits a large number of MEC's members by reducing operating costs for government, schools, and community services.

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10. MEC anticipates that the incentive program is adequately funded for both 2013 and 2014. No waiting list or backlog of incentive requests currently exists. All programs will be available until the budget funds for the program are exhausted; however, MEC also seeks

Commission authorization to continue to be able to shift approved REST Plan funds between programs, in order to increase budgets for programs in the 2014 Plan where appropriate. MEC proposes that the conditions of shifting funds already included in MEC's 2013 Plan would be continued for 2014. These conditions include:

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- MEC would notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift.
- If Staff notifies MEC in writing that it opposed the shift of funds, no shift would occur unless Mohave first secures a Commission order authorizing the shift.
- Within 60 days following any funds shift, MEC would submit to Staff a revised budget recognizing the shift of funds.

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11. MEC has proposed the budget shown below on Table 2. The proposal for 2014 of approximately \$1.6 million would allow Mohave to expand its communication of renewable options with its members, offer rebates to a larger number of members, increase spending limits on schools and other programs, and perform other activities as discussed herein.

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Recommendations

14. Staff has recommended that MEC's proposed 2014 Renewable Energy Standard and Tariff Plan be approved as discussed herein.

15. Staff has recommended that MEC's Renewable Energy Standard Tariff rates and caps remain at current levels, as shown on Table 3 herein.

CONCLUSIONS OF LAW

1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within the meaning of Article XV, Section 2 of the Arizona Constitution.

2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated September 20, 2013, concludes that it is in the public interest to approve Mohave Electric Cooperative's 2014 REST Implementation Plan as discussed herein.

...

ORDER

IT IS THEREFORE ORDERED that Mohave Electric Cooperative, Inc.'s proposed 2014 Renewable Energy Standard Tariff implementation plan be approved as discussed herein.

IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc.'s Renewable Energy Standard Tariff rates and caps remain at present levels as proposed and as shown on Table 3 herein.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

Jodi Jerich
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JJP:sms\CHH

Decision No. _____

1 SERVICE LIST FOR: Mohave Electric Cooperative, Inc.
2 DOCKET NO. E-01750A-13-0223

3 Mr. Michael A. Curtis
4 Mr. William P. Sullivan
5 Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
6 501 East Thomas Road
7 Phoenix, Arizona 85012

8 Mr. Steven M. Olea
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
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17 Phoenix, Arizona 85007
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